

**Fred Victor Centre**  
**Financial Statements**  
For the year ended March 31, 2017

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## Independent Auditor's Report

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### To the Members of Fred Victor Centre

We have audited the accompanying financial statements of Fred Victor Centre, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fred Victor Centre as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Mississauga, Ontario  
June 12, 2017

**Fred Victor Centre  
Statement of Financial Position**

| March 31  | 2017          | 2016          |
|---|---------------|---------------|
| <b>Assets</b>   |               |               |
| <b>Current</b>  |               |               |
| Cash  | \$ 1,876,543  | \$ 461,310    |
| Accounts receivable (Note 2)  | 1,565,195     | 2,370,908     |
| Prepaid expenses and deposits (Note 3)  | 170,338       | 275,886       |
|   | 3,612,076     | 3,108,104     |
| <b>Marketable securities</b> (Note 4 (a))                                     | 1,312,149     | 5,566,962     |
| <b>Capital assets</b> (Note 5)  | 47,014,469    | 20,497,060    |
|   | \$ 51,938,694 | \$ 29,172,126 |
| <b>Liabilities and Net Assets</b>   |               |               |
| <b>Current</b>  |               |               |
| Accounts payable and accrued liabilities                                      | \$ 1,949,250  | \$ 2,422,122  |
| Deferred operating grants   | 61,171        | 87,732        |
| Current portion of mortgages payable (Note 6)                                 | 861,264       | 725,516       |
|   | 2,871,685     | 3,235,370     |
| <b>Mortgages payable</b> (Note 6)   | 11,555,630    | 6,888,422     |
| <b>Deferred capital grants</b> (Note 7)                                       | 14,404,669    | 14,406,260    |
| <b>Deferred contributions</b> (Note 8)  | 1,312,149     | 1,296,907     |
| <b>Ministry of Municipal Affairs and Housing<br/>forgivable loan</b> (Note 9) | 18,444,277    | -             |
|   | 48,588,410    | 25,826,959    |
| <b>Commitments</b> (Note 11)  |               |               |
| <b>Contingent liability</b> (Note 12)   |               |               |
| <b>Net assets</b>   |               |               |
| Internally restricted   | -             | 400,000       |
| General (Note 10)   | 3,350,284     | 2,945,167     |
|   | 3,350,284     | 3,345,167     |
|   | \$ 51,938,694 | \$ 29,172,126 |

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

The accompanying notes are an integral part of these financial statements.

## Fred Victor Centre Statement of Operations

| For the year ended March 31  | 2017              | 2016              |
|--|-------------------|-------------------|
| <b>Operating revenue</b>   |                   |                   |
| Grants and subsidies (Note 13)   | \$ 20,684,885     | \$ 19,560,334     |
| Donations  | 1,112,149         | 1,062,914         |
| Rental revenue   | 1,448,705         | 502,528           |
| Deferred grants (Note 14)  | 1,121,673         | 531,865           |
| Incidental revenue   | 775,989           | 494,888           |
| Deferred contributions   | 116,475           | 132,788           |
|  | <b>25,259,876</b> | <b>22,285,317</b> |
| <b>Expenditures</b>  |                   |                   |
| Salaries and wages   | 12,767,174        | 12,022,371        |
| Benefits   | 2,949,116         | 2,564,780         |
| Building occupancy (Note 3)  | 3,665,934         | 2,943,175         |
| Interest expense   | 341,956           | 173,216           |
| Office and general   | 675,349           | 634,619           |
| Programs   | 2,040,678         | 2,028,995         |
| Promotion and publications   | 37,441            | 26,823            |
| Staff training and development   | 175,358           | 129,836           |
| Minor capital purchases<br>and repairs   | 163,966           | 127,069           |
| Professional fees  | 885,382           | 469,959           |
| Amortization   | 1,637,455         | 881,553           |
|  | <b>25,339,809</b> | <b>22,002,396</b> |
| <b>(Deficiency) excess of revenue<br/>over expenditures before<br/>investment income</b> | <b>(79,933)</b>   | <b>282,921</b>    |
| <b>Investment income (Note 4 (b))</b>  | <b>85,050</b>     | <b>11,842</b>     |
| <b>Excess of revenue<br/>over expenditures for the year</b>                              | <b>\$ 5,117</b>   | <b>\$ 294,763</b> |

The accompanying notes are an integral part of these financial statements.

**Fred Victor Centre**  
**Statement of Changes in Net Assets**

**For the year ended March 31**

|   |                          |                      | 2017                | 2016                |
|---|--------------------------|----------------------|---------------------|---------------------|
|   | Internally<br>Restricted | General<br>(Note 10) | Total               | Total               |
| <b>Net assets,</b><br>beginning of year             | \$ 400,000               | \$ 2,945,167         | \$ 3,345,167        | \$ 3,050,404        |
| Excess of revenue over<br>expenditures for the year | -                        | 5,117                | 5,117               | 294,763             |
| Interfund transfer                                  | (400,000)                | 400,000              | -                   | -                   |
| <b>Net assets, end of year</b>                      | <b>\$ -</b>              | <b>\$ 3,350,284</b>  | <b>\$ 3,350,284</b> | <b>\$ 3,345,167</b> |

The accompanying notes are an integral part of these financial statements.

## Fred Victor Centre Statement of Cash Flows

| For the year ended March 31  | 2017                | 2016              |
|--|---------------------|-------------------|
| <b>Cash provided by (used in)</b>  |                     |                   |
| <b>Operating activities</b>  |                     |                   |
| Excess of revenue over expenditures for the year   | \$ 5,117            | \$ 294,763        |
| Adjustments required to reconcile excess of revenue over expenditures with cash provided by operating activities |                     |                   |
| Unrealized loss on investments (Note 4 (b))  | 44,712              | 110,351           |
| Amortization of capital assets   | 1,637,455           | 881,553           |
| Amortization of deferred grants  | (593,037)           | (512,643)         |
| Amortization of forgivable loan  | (528,636)           | -                 |
| Excess asset value over consideration, recorded as donation revenue  | -                   | (127,310)         |
| Changes in non-cash working capital balances   |                     |                   |
| Accounts receivable  | 805,713             | (1,332,688)       |
| Prepaid expenses and deposits  | 105,548             | (170,734)         |
| Accounts payable and accrued liabilities   | (472,872)           | 331,118           |
| Deferred operating grants  | (26,561)            | (110,508)         |
| Deferred contributions   | 15,242              | (11,999)          |
|  | <b>992,681</b>      | <b>(648,097)</b>  |
| <b>Investing activities</b>  |                     |                   |
| Purchase of capital assets   | (28,154,864)        | (218,364)         |
| Net cash from acquisition of CRCT  | -                   | 802,058           |
| Sale (purchase) of marketable securities, net  | 4,210,101           | (112,100)         |
|  | <b>(23,944,763)</b> | <b>471,594</b>    |
| <b>Financing activities</b>  |                     |                   |
| Mortgage principal repayment   | (812,844)           | (713,428)         |
| Mortgage loan advanced   | 5,615,800           | -                 |
| Deferred capital grants received   | 591,446             | 960,669           |
| Ministry of Municipal Affairs and Housing forgivable loan  | 18,972,913          | -                 |
|  | <b>24,367,315</b>   | <b>247,241</b>    |
| <b>Increase in cash during the year</b>  | <b>1,415,233</b>    | <b>70,738</b>     |
| <b>Cash, beginning of year</b>   | <b>461,310</b>      | <b>390,572</b>    |
| <b>Cash, end of year</b>   | <b>\$ 1,876,543</b> | <b>\$ 461,310</b> |

The accompanying notes are an integral part of these financial statements.

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## Fred Victor Centre Notes to Financial Statements

**March 31, 2017**

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### 1. Significant Accounting Policies

#### **Nature of Operations**

Fred Victor Centre (the "Organization") improves the health, income and housing stability of people experiencing poverty and homelessness. This is achieved through programs and services at locations across Toronto, providing affordable housing, emergency shelter, food access, mental health and other health supports, job training and counselling, and specialized support programs.

The Organization is incorporated without share capital under the Corporations Act (Ontario) and is a charitable corporation registered under the Income Tax Act (Canada) and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes.

#### **Basis of Accounting**

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

#### **Revenue Recognition**

The Organization follows the deferral method of revenue recognition. Under the deferral method, grants, specified donations and externally restricted monies received in the year for expenses to be incurred in the following fiscal years are recorded as deferred revenue.

Rent revenue is recognized when the service has been provided and collectibility is reasonably assured.

Investment income includes interest, dividends and realized and unrealized gains and losses. Investment income is recognized as revenue when earned.

Non-capital donation, legacy and bequest revenue is recorded when funds are received.

Donations specified for capital purchases are deferred and recorded as revenue over the same period as the underlying assets are amortized and are included in deferred capital grants.

Incidental revenue consists of catering and miscellaneous services which are recognized when the service has been provided and collectibility is reasonably assured.

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# Fred Victor Centre

## Notes to Financial Statements

**March 31, 2017**

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### 1. Significant Accounting Policies (continued)

#### Financial Instruments

The Organization records equity investment pooled funds, money market funds and fixed income pooled funds at fair value with changes in fair value recognized in the statements of operations or in the externally restricted fund. Accounts receivable, mortgages, accounts payable and accrued liabilities and other financial liabilities are initially recognized at fair value and subsequently at amortized cost. Financial assets are tested for impairment when changes in circumstances indicate that the asset could be impaired. Transaction costs are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

#### Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

|                         |  |
|-------------------------|--|
| Buildings               | - 2.5% - 3.3% straight-line basis                            |
| Restaurant improvements | - 7 years straight-line basis                                |
| Furniture and equipment | - 3 years straight-line basis                                |
| Leasehold improvements  | - 25 years straight-line basis over<br>the term of the lease |

#### Employee Retirement Benefits

The Organization provides a RRSP savings plan for eligible non-bargaining unit and bargaining unit employees. Employees contribute 4% of gross earnings, and the Organization contributes 6.5% of the employee's gross earnings to the plan. The expense for the year was \$446,339 (2016 - \$376,238) and is included in benefits on the statement of operations.

Eligible grandparented employees are enrolled in the Multi-Sector Pension Plan. Employees contribute 2% of applicable wages and the Organization contributes 6% of applicable wages to the plan. The expense for the year was \$214,449 (2016 - \$194,029) and is included in benefits on the statement of operations.

#### Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

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## Fred Victor Centre Notes to Financial Statements

**March 31, 2017**

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### 1. **Significant Accounting Policies** (continued)

#### **Asset Impairment**

In the event that facts and circumstances indicate that the Organization's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required. The Organization considers that no circumstances exist that would require such an evaluation.

#### **Deferred Contributions**

Deferred contributions relates to funds that are externally restricted by The Shelter, Support and Housing Administration Division of the City of Toronto ("the Division") for specified approved expenditures. Contributions and expenditures are recognized when the amount is received or the obligation incurred. The Division mandates that a portion of the subsidies it pays to sustain affordable social housing be segregated and invested in certificates of deposit and money market funds. These funds are invested with Phillips, Hager & North Investment Funds Ltd. as per the funder's requirements. These funds may be used exclusively for the maintenance and upgrade of the facilities it supports.

#### **Internally Restricted Net Assets**

Internally restricted net assets represents funds that have been set aside for future capital acquisitions, as approved by the Board of Directors. The funds are not available for the Organization's general operations.

#### **Donated Services**

The Organization's activities include time donated by a number of volunteers. Since no objective basis exists for recording and assigning values to these services, they are not reflected in the accompanying financial statements.

#### **Allocation of Expenses**

The Organization incurs salaries and benefits expenses and general and administrative support expenses that are common to the administration of the Organization and to each project that it operates. Salaries and benefits are allocated proportionately based on the percentage of time spent on that project. General and administrative support expenses are allocated based on the percentage used on each project.

**Fred Victor Centre  
Notes to Financial Statements**

**March 31, 2017**

**2. Accounts Receivable**

|                   | <b>2017</b>         | <b>2016</b>         |
|-------------------|---------------------|---------------------|
| Grants receivable | \$ 1,217,743        | \$ 1,539,074        |
| HST receivable    | 118,636             | 603,103             |
| Other             | 228,816             | 228,731             |
|                   | <b>\$ 1,565,195</b> | <b>\$ 2,370,908</b> |

**3. Addiction Supportive Housing Program**

Included in building occupancy expense are rent expenses of \$100,218 (2016 - \$96,308) related to the Addiction Supportive Housing program. Prepaid expenses and deposits includes \$13,644 (2016 - \$25,186) of rental deposits.

**4. Marketable Securities**

|                                | <b>2017</b>         | <b>2016</b>         |
|--------------------------------|---------------------|---------------------|
| (a)                            |                     |                     |
| Cash                           | \$ 5,230            | \$ 45,523           |
| Fixed income pooled funds      | 1,306,919           | 2,530,305           |
| Equity investment pooled funds | -                   | 1,353,505           |
| Money market funds             | -                   | 1,637,629           |
|                                | <b>\$ 1,312,149</b> | <b>\$ 5,566,962</b> |

Marketable securities includes cash and money market trust units of \$1,312,149 (2016 - \$1,296,907) which were held specifically with Phillips, Hager & North Investment Funds Ltd. for housing capital reserves as mandated by the City of Toronto Department of Shelter, Housing and Support.

|                              | <b>2017</b>      | <b>2016</b>      |
|------------------------------|------------------|------------------|
| (b)                          |                  |                  |
| Realized investment gains    | \$ 89,691        | \$ 15,452        |
| Interest and dividends       | 49,625           | 120,967          |
| Unrealized investment losses | (44,712)         | (110,351)        |
| Investment counsel fees      | (9,554)          | (14,226)         |
| Investment income            | <b>\$ 85,050</b> | <b>\$ 11,842</b> |

**Fred Victor Centre  
Notes to Financial Statements**

**March 31, 2017**

**5. Capital Assets**

|                         | <u>2017</u>          |                             | <u>2016</u>          |                             |
|-------------------------|----------------------|-----------------------------|----------------------|-----------------------------|
|                         | Cost                 | Accumulated<br>Amortization | Cost                 | Accumulated<br>Amortization |
| Buildings               | \$ 56,845,069        | \$ 12,482,982               | \$ 29,025,600        | \$ 11,002,275               |
| Land                    | 460,001              | -                           | 460,001              | -                           |
| Restaurant improvements | 565,424              | 565,424                     | 565,424              | 565,424                     |
| Furniture and equipment | 1,674,261            | 1,268,377                   | 449,132              | 345,705                     |
| Leasehold improvements  | 2,999,043            | 1,212,546                   | 2,999,043            | 1,088,736                   |
|                         | <b>\$ 62,543,798</b> | <b>\$ 15,529,329</b>        | <b>\$ 33,499,200</b> | <b>\$ 13,002,140</b>        |
| Net book value          |                      | <b>\$ 47,014,469</b>        |                      | <b>\$ 20,497,060</b>        |

**6. Mortgages Payable**

|   | <u>2017</u>         | <u>2016</u>  |
|---|---------------------|--------------|
| Royal Bank of Canada - Repayment terms are \$20,139 monthly, including principal and interest at 2.418% due October 1, 2019. The 139 Jarvis Street property has been pledged as collateral, with a net book value as of March 31, 2017 of \$5,138,867 (2016 - \$5,294,024).       | <b>\$ 1,673,666</b> | \$ 1,872,468 |
| Royal Bank of Canada - Repayment terms are \$39,370 monthly, including principal and interest at 2.418% due October 1, 2019. The 147 Queen Street East property has been pledged as collateral, with a net book value as of March 31, 2017 of \$9,645,200 (2016 - \$9,991,541).   | <b>3,271,886</b>    | 3,660,528    |
| Royal Bank of Canada - Repayment terms are \$15,986 monthly, including principal and interest at 2.418% due October 1, 2019. The Mortimer Avenue Housing property has been pledged as collateral, with a net book value as of March 31, 2017 of \$2,640,810 (2016 - \$2,737,759). | <b>1,937,603</b>    | 2,080,942    |

## Fred Victor Centre Notes to Financial Statements

**March 31, 2017**

**6. Mortgages Payable (continued)**

|  | 2017                 | 2016                |
|--|----------------------|---------------------|
| First National Financial LP - Repayment terms are \$24,862 monthly, including principal and interest at 3.41% due June 1, 2036. The 20 Palace Street property has been pledged as collateral, with a net book value as of March 31, 2017 of \$26,937,209 (2016 - \$nil). | <b>5,533,739</b>     | -                   |
| Less: current portion  | <b>12,416,894</b>    | 7,613,938           |
|  | <b>(861,264)</b>     | <b>(725,516)</b>    |
|  | <b>\$ 11,555,630</b> | <b>\$ 6,888,422</b> |

Principal repayments for the next five years and thereafter are as follows:

|            |                      |
|------------|----------------------|
| 2018       | \$ 861,264           |
| 2019       | 883,349              |
| 2020       | 5,492,559            |
| 2021       | 129,025              |
| 2022       | 133,462              |
| Thereafter | 4,917,235            |
|            | <b>\$ 12,416,894</b> |

Interest and principal payments are subsidized by the City of Toronto Department of Shelter, Housing and Support. Subsidies are recognized as revenue in the period the related interest and principal payments are due.

Effective January 1, 1960, the titles to the housing properties at 139 Jarvis Street and 147 Queen Street East were transferred to Fred Victor Centre from the Toronto United Church Council (the "Council") in consideration for one dollar and a mortgage on the property to the value of the Council's investment in Fred Victor Centre as carried on the Council's books (\$1,127,948). Title for the Mortimer Avenue Housing property is held by the Toronto United Church Council.

The mortgage with the Toronto United Church Council for 139 Jarvis Street and 147 Queen Street East is repayable only in the event of a sale of the property or discontinuance of its intended use. As this contingent event has not occurred, no liability has been recognized. Interest accrues at a simple rate of 5% from the date of the advancement of the funds by the Council to build the present Fred Victor Centre premises, to the date of repayment. Principal and accrued simple interest as at year end, calculated from January 1, 1960, amounted to \$4,356,699 (2016 - \$4,300,302). This mortgage has been subordinated in favour of the mortgages payable to the Royal Bank of Canada.

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**Fred Victor Centre**  
**Notes to Financial Statements**

**March 31, 2017**

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**7. Deferred Capital Grants**

|  | 2017          | 2016          |
|--|---------------|---------------|
| Deferred capital grants comprise the following:                          |               |               |
| St. James Bond United Church grant                                       | \$ 212,549    | \$ 226,410    |
| Deferred capital donations   | 2,493,369     | 2,097,552     |
| City of Toronto and provincial grants                                    | 1,623,289     | 1,726,961     |
| Social Housing Renovation and Retrofit<br>program - Phase 1 construction | 7,062,152     | 7,258,328     |
| Province of Ontario - Phase 2 construction                               | 3,013,310     | 3,097,009     |
|  | \$ 14,404,669 | \$ 14,406,260 |

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**8. Deferred Contributions**

|  | 2017         | 2016         |
|--|--------------|--------------|
| <b>Balance</b> , beginning of year       | \$ 1,296,907 | \$ 1,308,906 |
| Housing capital reserve grants received  | 120,831      | 120,789      |
| Income earned on housing capital reserve | 10,886       | 9,545        |
| Expenditures for the year                | (116,475)    | (142,333)    |
|  | \$ 1,312,149 | \$ 1,296,907 |

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**9. Ministry of Municipal Affairs and Housing Forgivable Loan**

In early 2012, the Organization was notified that it was the successful proponent for Block 03, a 108 unit building to be constructed in the West Don Lands. In June of 2012, the Organization entered into a \$27.1 million agreement of purchase and sale for Block 03.

The agreement committed the Organization to an investment of \$8.1 million, while the Province of Ontario agreed to contribute the remaining \$19.0 million in the form of a forgivable loan. Interest will accrue on each anniversary date of the loan, but will automatically be forgiven as long as the requirements of the agreement are satisfied, which are to use the aforementioned building as an affordable rental housing project. At maturity, the loan will be extinguished as long as the building continues to be used for its intended purpose, as defined in the agreement.

The forgivable loan will be recognized as revenue over a 30-year term which is the same basis as the amortization expense related to the acquired building.

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**Fred Victor Centre  
Notes to Financial Statements**

**March 31, 2017**

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**10. General Fund**

|                         | 2017         | 2016         |
|-------------------------|--------------|--------------|
| Unrestricted funds      | \$ 1,601,655 | \$ 4,468,305 |
| Capital assets          | 47,014,469   | 20,497,060   |
| Forgivable loan         | (18,444,277) | -            |
| Mortgages payable       | (12,416,894) | (7,613,938)  |
| Deferred capital grants | (14,404,669) | (14,406,260) |
|                         | \$ 3,350,284 | \$ 2,945,167 |

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**11. Commitments**

The Organization has the following operating leases for its premises:

- 59 Adelaide Street East, \$5,933 average monthly with an expiry of April 30, 2020
- 100 Lombard Street, \$2,815 average monthly with an expiry of August 31, 2017
- 418 Dawes Road, \$37,599 monthly with an expiry of May 2032
- 210 Dundas Street West, \$4,398 monthly with an expiry of March 2021
- 386 & 388 Dundas Street East, \$26,875 monthly with an expiry of June 2020

The minimum annual lease payments for the next five years and thereafter are as follows:

|            |    |           |
|------------|----|-----------|
| 2018       | \$ | 915,008   |
| 2019       |    | 900,814   |
| 2020       |    | 900,814   |
| 2021       |    | 590,783   |
| 2022       |    | 451,182   |
| Thereafter |    | 4,587,017 |
|            | \$ | 8,345,618 |

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**12. Contingent Liability**

The Organization received grants from the City of Toronto and the Province of Ontario with respect to the Dawes Road premises. \$551,000 of the funding that was received from the City of Toronto has been provided to the Organization as a forgivable loan, so long as the Organization is in good standing under the terms of the Loan and Grant Agreement, the Affordable Housing Agreement and the Security Documents as of each anniversary date of the loan payments.

**Fred Victor Centre**  
**Notes to Financial Statements**

**March 31, 2017**

**13. Grants and Subsidies**

Grants and subsidies recognized in the year were as follows:

|   | <u>2017</u>          | <u>2016</u>          |
|---|----------------------|----------------------|
| City of Toronto:  |                      |                      |
| Housing   | \$ 2,957,090         | \$ 3,045,614         |
| Hostel  | 2,712,339            | 2,639,003            |
| Housing Access and Support Services                                 | 738,382              | 765,869              |
| Employment Training Program   | 123,108              | 63,822               |
| Transitional Housing Program  | 406,866              | 406,866              |
| Food Access Program   | -                    | 18,620               |
| Women's Drop-In Program   | 1,363,699            | 1,035,753            |
| Emergency Hostel Redirect   | 151,752              | 151,754              |
| Harm Reduction Program  | 7,246                | 33,268               |
| Supports to Daily Living  | 150,849              | 150,858              |
| Social Service Trainee  | 50,573               | 38,375               |
| Streets to Homes  | 293,337              | 233,292              |
| On the Paths to Employment  | 118,839              | 127,582              |
| Transition to Housing   | 2,243,379            | 1,857,207            |
| Opportunities for People with Lived Experience<br>with Homelessness | 169,549              | 157,769              |
| 20 Palace Street  | 178,500              | -                    |
| Hostels to Homes  | 219,233              | -                    |
| City of Toronto Other   | 418,073              | 515,840              |
| Ministry of Health and Long-term Care:                              |                      |                      |
| Community Mental Health   | 5,642,870            | 5,642,928            |
| Open House Drop-In  | 548,923              | 548,923              |
| Housing   | 640,230              | 624,538              |
| Other   | 457,459              | 457,459              |
| Youth Job Link  | 26,650               | 35,378               |
| Human Resources and Skills Development Canada                       | 656,511              | 684,703              |
| Other   | 409,428              | 324,913              |
|   | <u>\$ 20,684,885</u> | <u>\$ 19,560,334</u> |

**14. Deferred Grants**

Deferred grants recognized in the year were as follows:

|  | <u>2017</u>         | <u>2016</u>       |
|--|---------------------|-------------------|
| Deferred grants - capital amortization | \$ 1,108,351        | \$ 512,643        |
| Deferred grants - operating            | 13,322              | 19,222            |
|  | <u>\$ 1,121,673</u> | <u>\$ 531,865</u> |

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## Fred Victor Centre Notes to Financial Statements

**March 31, 2017**

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### 15. Financial Instrument Risks

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments. The Organization manages its portfolio investments based on its cash flow needs with a view of optimizing its investment income. The Organization is also subject to interest risk in terms of fair value fluctuations since the mortgages bear interest at fixed rates. This risk has not changed from the prior year.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk arising from its accounts receivable. The majority of the Organization's receivables are from government sources and the Organization works to ensure they meet all eligibility criteria in order to qualify to receive the funding. This risk has not changed from the prior year.

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### 16. Operating, Overhead and Executive Expense Allocations

Certain operating, overhead and executive expenses are allocated to other expense categories based upon reasonable estimates of staff time or costs incurred.

|                                | <u>2017</u>         | <u>2016</u>         |
|--------------------------------|---------------------|---------------------|
| Summary of expenses:           |                     |                     |
| Facilities                     | \$ 565,210          | \$ 479,558          |
| Human resources                | 445,484             | 388,269             |
| Finance                        | 694,326             | 542,033             |
| General                        | 440,720             | 323,885             |
| Community services             | 184,115             | 236,531             |
|                                | <u>\$ 2,329,855</u> | <u>\$ 1,970,276</u> |
| Summary of allocations:        |                     |                     |
| Salaries and wages             | \$ 1,299,514        | \$ 1,196,264        |
| Benefits                       | 286,547             | 254,936             |
| Building occupancy             | 146,715             | 131,231             |
| Office and general             | 376,012             | 169,897             |
| Staff training and development | 4,192               | 4,530               |
| Professional fees              | 216,875             | 213,418             |
|                                | <u>\$ 2,329,855</u> | <u>\$ 1,970,276</u> |

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### 17. Comparative Figures

Certain comparative figures have been reclassified to conform with the method of presentation adopted for the current year.